



PIANY/NYIA 2009 CEO Conference *What a successful partnership looks like today*

Successful partnership begins with good communication

Insurance company executive: “Agents don’t realize how much power they have.”

Agency principal: “You could have fooled us!”

Exchanges like this peppered roundtable discussions at the 2009 PIANY/NYIA CEO Conference, where mixed groups from agencies and carriers worked on defining “What Successful Partnership Looks Like Today.” Held Nov. 4 in Albany, the program was based on findings from the 2009 PIANY Company Performance Survey as presented by PIANY Business Issues Director James E. Pittz. “Very worthwhile and impressive,” one participant said of the conference.

“One goal of the survey project is to recognize excellence,” Pittz explained. “But, what is excellence? It can mean different things to different people. When people partner toward a common goal, it’s important for them to understand what the other person means—to learn what that person needs, in order to see the partnership as a success. That’s what we’re talking about today.”

Pittz defined 11 topics that involve agent-company partnership, excerpted from items included in the PIANY survey. Survey results and agent comments relating to a single topic were shared with each group of participants. Assigned “table hosts,” a mix of PIANY and NYIA participants, guided each discussion and reported its results to the room.

The 11 discussion groups first explored the business significance of their topic and the role individuals play in creating excellence in this area, in tandem with their business partners. Switching topics, each table then looked at common barriers to achieving excellence and some practical strategies for overcoming them. Table topics included such items as claims handling, the underwriting process, technology and agent-company communication.

Communication, in fact, came up over and over in the discussion of virtually every topic. Ranging from differing views of “agent power,” to the importance of long-standing relationships with underwriters, to “quality vs. quantity” in production, many topics revealed different perspectives, depending on the speaker’s role in the industry. Here’s a sample of what transpired.

Marketing—Round 1. Right away, the confusing dual meaning of this term in the insurance industry surfaced. To companies, “marketing” often denotes the job of

convincing agents of the company's superiority as a market. To agents, consumer-oriented marketing comes to mind—for example the “branding” efforts some companies invest in.

The first group discussing marketing reported that high-profile branding has a definite value for the agent, providing a certain recognition value that can drive traffic in the door. Once inside, however, customers may or may not end up with the product of a well-known company. “Companies with a high brand profile are realizing that the independent agent, ultimately, influences where the business goes—that’s why they’re changing their ads to feature agents more prominently,” an agent observed.

It’s the agent’s job to be aware of all the options the agency can offer, regardless of consumer recognition. Regarding company marketing—to its *agents*—“The first job of a marketing rep is communication: let agents know what your strengths are.” Small companies in particular put an emphasis on this job. They know their products and they want to maintain their relationships—not just with agency owners, but with agency staff as well. These companies want to believe that “relationships can trump technology” when it’s a question of who gets the business.

Many companies have done away with the “field representative” position, or try to handle it from afar. “We got a call from a new marketing person who’s never even been to New York, and isn’t planning on visiting our agency,” an agent reported. “This is an alarming trend. Companies are better off not making that kind of contact.”

While agents measure the value of the company marketing rep in terms of gaining information and establishing a personal relationship, company people acknowledged that, back at the carrier, marketing success likely is measured in terms of production. Production volume and profitability are the main metrics—yet, there’s a more subjective notion of success as well—the “quality” of an agent’s submissions. “We can’t just focus on production and growth,” a company representative said. “We look at other factors: Who [else] is the agent doing business with? Are we getting the whole loaf of bread? We need to get across that we all have the same mission, increasing profitability.”

Marketing—Round 2. A barrier to the success of company’s marketing programs is the control exerted at the agency level over the final placement decision. A barrier to agents’ success can be the short shrift given to local agents in some of their companies’ ad campaigns. After discussion, neither was considered a real problem—at least, not for the agency. Customers see the ads, but what they’re really looking for is options. The most visible ad campaigns suggest that people should check out a variety of companies. “Agents are doing a good job finding and selling options.”

Billing—Round 1. Getting accurate information can be a crucial issue in billing, where payment status can govern coverage status. Here, new technology is helping with communication. A number of companies now allow customers themselves to check payments online. While some show the actual bill, some (less satisfactory) record only payment transactions.

An agent reported that, while agents originally preferred agency-bill, they increasingly recognize good points of direct bill, depending on the number of transactions and amounts involved.

Companies are encouraging direct-withdrawal payment and credit cards, which can reduce collection costs. Nonpayment cancellations are very costly for both companies

and agencies, requiring notices, phone calls, etc.—and sometimes resulting in an actual loss of business. So, the more reliably payment can be secured, the better for all parties.

The economy definitely is affecting this area, with audit premium from prior policy periods, for example in workers' compensation, posing more of a collection challenge. For this reason, companies seem to be accepting more credit card payments across the board. An agent reported it may even be possible to go back and negotiate an easier payment plan midterm, if the client needs to do so.

Billing—Round 2. The goal of all billing and payment systems is to make sure premiums are paid timely. A barrier can be the lack of options available to the insured. "Make it easy to pay," an agent advised.

Companies that offer a variety of options should be sure to communicate this fact—so agents can offer the plan that's right for the client. Also, agents would like companies to listen to the client's wants and needs, based on the circumstances.

Agents think offering a discount for payment-in-full would be attractive, while companies worry this would reduce the amount of total premium collected. Agents counter that, if successful, this practice could save a great deal on frictional costs of collection and increase policy persistency. "Also, the value of money over time needs to be considered."

In any case, agents urge companies to be flexible and focus on the customer and the customer's needs.

The underwriting process—Round 1. Agents see excellence in terms of underwriters' having a positive, "can-do" attitude. Underwriters should never underestimate the value of their encouragement and support to an agent who goes out there and often faces rejection, as every sales person does. Likewise, underwriters like to hear from agents as well. Two-way communication between individuals builds up trust, which is essential to the underwriting process.

Companies struggle with the question of whether new agents should need to prove themselves, or whether they should be given the benefit of the doubt. The group decided it's best for underwriters to start out with a presumption of trust, rather than make the agent earn it—which could affect their entire business relationship from the get-go.

For agents, it's important to know their underwriter has the authority to make decisions—or will go to a higher authority as needed, rather than turn the risk down. It can hurt the partnership if an underwriter—maybe from inexperience—is too timid or (for some personalities) too rash in exercising the authority the company gives them.

Agents also find it disconcerting when they notice that underwriting decisions vary according to the underwriter. "You can go to two different underwriters and get two different answers. That should never happen," an agent observes.

A major barrier to successful partnership occurs when underwriters are unreachable. Yet, more underwriters are overwhelmed by workload as companies downsize or don't replace people who leave.

Agents can help out by "thinking like an underwriter"—anticipating what the underwriter will need—and submitting all the needed information. Underwriters prefer neat, complete pdf versions, not hard-to-read, hand-written applications.

Underwriting process—Round 2. A barrier to experiencing a mutually positive underwriting process can arise if underwriters project a negative attitude. For example, a negative experience occurs when underwriters simply issue a “blanket no,” without explanation. “This is unacceptable,” an agent said.

Agents are looking for a few primary elements in their interactions with underwriters: quick responses, clear authority to make decisions, and a good knowledge of the company’s products.

Agents recognize that underwriters may be overworked due to staff cuts. Agents are dumbfounded that some companies don’t seem to recognize the value of their senior underwriting staff and retain such individuals. Keeping an agency’s valued underwriting staff on board can contribute to a better process.

For their part, companies say agents need to take responsibility for coaching their underwriters about what they like and dislike about the process. “Let your underwriters know that they need to be consistent, and point out when you think they aren’t. Agents don’t know how much power they have” to influence outcomes, companies say.

Claims—Round 1. Most discussion centered on the need for consistent, clear communication. Agents see a correlation between substantive progress and the amount of information that is forthcoming. “When things are going well, there’s likely to be good communication. When things are going poorly, lack of communication tends to occur,” an agent reported.

Agents want companies to remember the human element in claims interactions—not just treat this as a financial transaction.

Also, the agent needs to be kept informed at all times. The agent serves as the client’s guide to the claims process. In this role, agents can ease their customer’s mind about what is occurring, serve as a familiar point of contact, and contribute a professional knowledge of the coverage involved, in order to verify and ensure a correct response from the company.

Companies, for their part, view their claims-handling operation as creating possible business opportunities. If clients are well satisfied, retention and referrals are the possible result.

Claims—Round 2. Lack of communication is a barrier to satisfactory claims handling. If the carrier is contacted directly by the client to file a claim, the agent should be notified immediately. Agents who are “out of the loop” make everyone look bad to the client. If agents cannot fulfill their role as an advisor at this crucial time, the customer is less likely to be well satisfied with how the claim was handled and can become more of a retention and reputational risk as a result.

Service—Round 1. In service, “speed is everything”—on this, agents and companies agree. In general, smaller companies tend to emphasize service—and they may be motivated to do so because there are certain things they cannot tackle, like the larger, more complicated risks. “Service can be trumped by other issues,” observed a company person. Smaller companies may feel they are not in the same position to pressure agents for volume, so they compete on service.

Companies can make themselves accessible from top to bottom—and good

technology can empower the agency to speed communication to the right place for a response. Agents do have a responsibility to learn and use the technology the carrier provides.

Still, nothing is a substitute for having friendly people who listen—and it's even better when the agency can establish a stable relationship with service personnel over time.

Agents hate and dread “voice-mail hell,” which they regard as the opposite of providing accessibility and accountability on the part of the carrier's service operation.

Service—Round 2. Barriers to speedy service were discussed. A major problem is understaffing at the company. This leads to overuse of voice mail, because people are just not available to take incoming calls. An obvious solution is to increase staffing and encourage service personnel to establish a personal relationship with customer service people at agencies.

“Also, there should be a change of culture—more of a sense of urgency” about resolving service problems as well as at the underwriting desk.

Listening, responding to agents—Round 1. Two separate facets of agent-company communication were discussed. This table focused on how companies can ensure they are open (and react meaningfully) to input from their agents.

Having systems and procedures for encouraging and receiving input can either help or hurt, depending on the extent to which they are used. For one frequent agency-company connection, the agency visit, participants suggest formalizing an agenda prior to the appointment. This helps everyone plan and prepare, so their issues are covered and can be researched ahead of time, if necessary.

Companies find it helpful to identify people, besides principals at the agency, who have certain roles. “It's not necessary to speak to the principal each time. Agency personnel sometimes help field reps find out what's going on in their own companies.” Of course, companies need to be sensitive to principals' policies with respect to direct contact with agency staff.

Well-planned, pre-scheduled meetings show a respect for everyone's time. “Everyone is busy these days, and meetings eat up time.”

Agents don't care for the “drive-by visit,” where company representatives show up and quickly drop off the agents' numbers and maybe some doughnuts. By the same token, if a company comes to see an agency, it needs to be given time and courtesy.

Companies are more inclined to credit a message if they hear it multiple times from different agencies—then it rises to the level of an “issue.”

In addition to the agency visit, many companies have an agent advisory council that formalizes the feedback process. Agents outside the council, however, may feel in the dark about how members are picked, and wonder whether they represent a true cross-section of the company's agency force.

Companies express a genuine interest in knowing what's taking place at agencies and especially how to do business with agents. Here, arranging to spend focused time with agents is key. When doing business, relationships matter.

Listening, responding - Round 2. A barrier to success in this area is the extreme busy-ness everyone experiences today. This can contribute to the problem of “drive-by visits,” where people may briefly see each other but no real dialogue takes place. Sometimes agents are responsible for rushing the company visitor out the door. Whoever makes the agency visit into a perfunctory event, nobody benefits, least of all the relationship—and resources are wasted.

A way to overcome this is to set up a definite appointment and have a definite purpose in mind—which is communicated to each other in the form of an actual agenda. All parties can pre-plan the occasion so they get out of it what they want. In this way, people are more likely to put the proper value on the chance for face-to-face communication. The company representative may engage in some education and training; but, there should always be time for the principal to propose better ways of doing business with the agency, and for the company representative to listen and respond.

Underwriting outcomes—Round 1. This discussion focused on decision-making at companies and whether or not the agent is successful in having business written. Flexibility was revealed as a major issue for agents in their comments on the PIANY survey. The discussion centered on several issues:

Communication on both sides is essential. Companies need to communicate clearly their current appetite and update agents on changes as they happen.

When a company declines a risk but writes something very similar, this is an opportunity to discuss the outcome and learn. Did the agency miss something? Or, is the company being inconsistent? Agency staff view such situations as frustrating and may become less inclined to submit business—especially if the distinction between risks cannot be clearly explained and understood.

In the experience of the participants, small companies generally feel the need to be more flexible, while larger companies may feel they can afford to stick with a more rigid underwriting grid.

Agents sometimes experience “good cop/bad cop” roles, as played by different underwriters. The “good cop” underwriter will stop, explain, and give a warning when the agency exceeds its authority, and will fully explain any turn-downs. The “bad cop” underwriter will immediately flag the agency person who violates underwriting guidelines.

Underwriting outcomes—Round 2. A barrier to fully predictable underwriting outcomes is the human element involved. Examples include the fact that people have various degrees of experience at both the company and agency level; some people are better than others at explaining things; and some people are more apt to absorb and understand points that are explained about company appetite and guidelines.

In general, the more experienced the underwriter, the less chance of a decision being a “mistake,” from the company point of view. The more experience the agency person has, the less likely that unsuitable business will be presented for consideration in the first place.

Even with adequate experience, the quality of the human interaction can make a difference in the outcome. An underwriter may be more inclined to accept business from one person in an agency, over another. Is this favoritism, or is it because the successful agency person may be better at explaining and persuading? Is it the result of a track record of results with this person, on which a relationship of trust is based?

Finally, companies may or may not have been successful in communicating their guidelines clearly. Are the guidelines clear to begin with? Have they been communicated? Even if the company does everything right, the human element will decree that not every agency person understands its guidelines equally well.

Clear communication from the company—Round 1. As distinct from the “listening/responding to agents” topic, this discussion centered on the effectiveness of communications that go out from the company to the agent. Agents particularly desire clear, prominent communications if they involve a company’s appetite, rollout of new products, available enhancements, and who at the company should be contacted to accomplish various transactions.

Agents tend to prefer e-mail over other types of communications; yet, they acknowledge the volume of email can make it hard to distinguish between what is important and what isn’t. They urge that communications involving any changes in a company’s philosophy be highlighted in a very obvious way.

Another suggestion is that companies provide links on their Web pages that agents can use to initiate a conversation with a specific department or start a specific transaction. “Who to talk to,” to resolve specific types of problems, remains a puzzle to agents, in too many cases.

On the company side, people struggle with decisions regarding their outgoing communications. Do agents prefer them to err on the side of communicating too much, or too little? Do agents prefer to see communications dealing with a lot of topics at once? Or, do they prefer more communications, each limited to a single topic?

Companies would like agencies to provide them with more individual contacts within the agency, not just the principal—they feel that “the principal can’t control everything.” Companies would like principals to OK their having two-way communication with multiple people in the office. But, they realize that agency owners may have diverse views on this issue, which may depend in part on the nature of the communication.

Clear company communication—Round 2. A barrier to successful communication by e-mail is the difficulty of managing e-mail in general. Various approaches to managing incoming e-mail reception and distribution can work. Agencies have a multitude of different preferences about how to accomplish this.

For example, some agencies want a single e-mail box for each company to use for all its communications. For this to work, the agency must be willing to devote adequate time to checking the e-mail box regularly and distributing its messages to all who need to see them. For an agency with a number of companies, this can be time-consuming.

An alternative is to let companies e-mail agency staff directly. However, principals may feel that some e-mails are not appropriate to go to agency staff, and not be comfortable with this approach.

Companies are well aware of the variety of approaches used by their various agents. Agents should establish effective systems, deliver clear instructions to the company and their agency staff about where e-mails should go, and use their established e-mail procedures consistently

Products—Round 1. In general, agents prefer to see a company that is strong in its niche product area rather than having a multitude of weak products.

Agents encourage companies to innovate, but not in a vacuum. They would like companies to be sensitive to the market and the needs of their agents and customers. Companies are open to agents’ ideas for new products and enhancements. But, if they are going to work on development, they want to make sure that the resulting products can and will be sold; so, partnership with agents throughout the process is important.

On the other hand, companies' expectations of profitability will, ultimately, drive their product decisions more than "needs" expressed by agents and clients.

Products—Round 2. After discussion, participants agreed that it is not generally possible for a company to develop new product offerings at the behest of its agents. This makes it impractical to collaborate extensively with agents on product development.

A more direct and pragmatic approach to overcome this barrier is for companies to find agents that fit their existing product mix—not adjust their products to suit agents.

Technology—Round 1. What agents are looking for is ease of doing business. Premium-comparison systems have developed to the point where some agents may feel a company must be included in order to be considered. "It's here. It's a must," an agent stated.

This poses a problem for companies whose policy forms may not be strictly comparable to the majority of carriers. Smaller companies may have problems attracting vendors to work with them for inclusion in their systems—both because their agency base is smaller and because they may use forms that are too distinct from the majority. Agents would like such companies to work with vendors so a coverage comparison would display, along with the rate—or at least, educate agencies about any coverage differences so price differentials can be clearly understood and presented to clients.

Agents need their companies to enable real-time rating, upload and download. "We want to do business at the desktop," the agent said. "Real Time has come a long way—it's a necessity going forward."

At the same time, agents know small companies may be at a disadvantage due to the capital expenditure required. While some smaller companies have good technology, others "are coming along but definitely still behind."

Companies that do offer Real Time should consider providing agency owners with reports of usage within the agency. This would pay off in terms of enabling the owner to implement more consistent adoption.

Commercial lines technology still lags personal lines, and for that reason agents may not be paying enough attention to recent advances made in the commercial lines area. Agents would like companies to do more to make them aware of what they offer, especially in commercial lines.

At a certain point, agents are open to being leveraged to use the company's Real Time technology, which they know is more cost-effective. "Both sides need to start forcing the issue," an agent said.

Still, company Web sites still play a role. "Some are cumbersome, not easy to use." The Web site can help with another cost-saving trend, the paperless environment. At a minimum, the Web site should let agents view the dec page.

Technology—Round 2. Agents are looking for uniform workflow, and the lack of uniform technology provided by companies is a barrier to achieving true ease of doing business. Companies that need to catch up should start by concentrating on upload and download.

For companies that already offer Real Time in the personal lines area, agents are looking to expand real-time workflows and premium-comparison technology into the small commercial business. "It's not cost-effective to rate small commercial business,"

an agent remarked. “With companies using different modeling for their rating, we no longer can tell who is going to be ‘good.’ We really need comparative rating for small business.”

Agency relationship management—Round 1. This discussion focused on the job function of the individuals at the company who are charged with direct management of the agent-company relationship: What does excellence look like, to both parties?

Participants agreed that a key part of the role is to serve as the agency’s advocate to the carrier. “You’re the voice of the agency at the company. You’ve been in the agency—they haven’t.”

The role also is compared to that created at some banks that designate a “relationship manager” or ombudsman for key clients.

Agents think these individuals should be willing to listen to the agency with an open mind, and well-informed about individuals the agency should go to at the company to handle various needs. They also should function well with the company’s underwriters, ideally having some authority to make or negotiate decisions that affect the agency’s business. At a minimum they should be on the same page as underwriters—knowing in detail what the company’s appetite and guidelines consist of.

The agency’s key contacts also play a role in educating the agency about the company’s products and technology, as well as new trends. For example, one marketing person set up a seminar on using today’s social media in marketing.

At bottom, these individuals should serve as problem solvers. “They identify problems and they solve problems.” This can mean constructively surfacing issues that the company may have with the agency, as well as addressing issues that agents bring to their attention.

Agency relationship management—Round 2. Several barriers to being fully effective as an agency representative were discussed. One can be the separation between this function and the company’s underwriting operation. Especially at larger companies, marketing people tend to worry about production numbers, and they let underwriting worry about results. This sends a mixed message to the agency and is not an effective approach to partnership.

In general, agents say they find too many companies are difficult to deal with—so, having a good representative can make the company stand out. Companies should put their most experienced, seasoned professionals in the role of relationship management—it’s not an entry-level job. “This is a role for your best people,” an agent said.

Regarding the substitution of technology for one-on-one contact, the group noted the growing trend of companies to put on Webinars. Agents ask them to stop and think about the impact on their office. “Is there a way to give the agent the same information in a ‘down and dirty’ way? Webinars are time-consuming. With multiple companies, sometimes it seems like we could spend seven to eight hours a day. If you really want us to do them, tell us *why* we should be interested in yours.”